

STATE OF NEBRASKA
Department of Banking & Finance

IN THE MATTER OF:)	FINDINGS OF FACT
DC Holdings, L.L.C.,)	CONCLUSIONS OF LAW
d/b/a Direct Check,)	AND
107 East C Street,)	CONSENT AGREEMENT
McCook, Red Willow County, Nebraska)	

THIS MATTER comes before the Nebraska Department of Banking and Finance (“DEPARTMENT”), by and through its Director, pursuant to its authority under the Delayed Deposit Services Licensing Act, Neb. Rev. Stat. §§ 45-901 to 45-929 (Reissue 2004; Cum. Supp. 2008) (“the Act”). Pursuant to Neb. Rev. Stat. § 45-920 (Cum. Supp. 2008), the DEPARTMENT has examined the books, accounts, and records of DC Holdings, L.L.C., d/b/a Direct Check, 107 East C Street, McCook, Red Willow County, Nebraska (“DIRECT CHECK”). As a result of such examination, and being duly advised and informed in the matter, the Director and DIRECT CHECK enter into the following Findings of Fact, Conclusions of Law, and Consent Agreement.

FINDINGS OF FACT

1. DIRECT CHECK holds a delayed deposit services business license under the Act. License #1909 was originally issued on June 25, 2001. The license has been renewed annually on May 1st since that time, pursuant to Neb. Rev. Stat. § 45-910 (Cum. Supp. 2008).
2. On July 24, 2007, the DEPARTMENT commenced an examination of DIRECT CHECK pursuant to Neb. Rev. Stat. § 45-920 (Cum. Supp. 2008). This examination included an on-site visitation of DIRECT CHECK’s McCook, Red Willow County, Nebraska location.

3. The July 24, 2007 Report of Examination (“Report”) was forwarded to DIRECT CHECK on October 1, 2007. The Report noted a number of violations of the Act. DIRECT CHECK submitted a response received by the DEPARTMENT on October 22, 2007.

4. The Report noted that DIRECT CHECK failed to maintain copies of customer checks until January 2007, although required to do so since July 14, 2006.

5. DIRECT CHECK’s October 22, 2007 response stated:

Certain offices were not consistently making copies of checks as required. We sent out a memo from the corporate office in January reminding everyone that it was a state requirement to make copies of every check. This memo was sent out as a result of our receipt of the results from the previous years audits. We have taken steps to reinforce that message including increased internal audits, and reprimanding CSRs.

6. DIRECT CHECK’s failure to maintain copies of customer checks from July 14, 2006 until January 2007 represents numerous violations of Neb. Rev. Stat. § 45-915.01(2) (Cum. Supp. 2008).

7. The DEPARTMENT could conclude that the actions of DIRECT CHECK warrant the commencement of administrative proceedings to determine whether it should impose an administrative fine in an amount up to five thousand dollars per violation, plus investigation costs, pursuant to Neb. Rev. Stat. § 45-925 (Cum. Supp. 2008).

8. The DEPARTMENT incurred a minimum of five hundred dollars in investigation costs in this matter.

CONCLUSIONS OF LAW

1. Neb. Rev. Stat. § 45-908 (Reissue 2004) provides that in order to issue a delayed deposit services business license, the Director must determine that the character and general fitness of the applicant and its officers, directors, and shareholders are such as to warrant a

belief that the business will be operated honestly, fairly, efficiently, and in accordance with the Act.

2. Neb. Rev. Stat. § 45-915.01(2) (Cum. Supp. 2008) provides that a licensee shall, at a minimum, include in its books and records copies of all application materials relating to makers, disclosure agreements, checks, payment receipts, and proofs of compliance required by Section 45-919.

3. Neb. Rev. Stat. § 45-925 (Cum. Supp. 2008) provides that if the Director finds, after notice and opportunity for hearing, that any person has violated the Act, the Director may order such person to pay an administrative fine of not more than five thousand dollars for each separate violation and the costs of an investigation.

4. The facts listed in the above Findings of Fact constitute a sufficient basis for the Director to have determined that DIRECT CHECK has violated the Act, and that an administrative fine in an amount of not more than five thousand dollars for each separate violation plus costs of investigation should be imposed in accordance with Neb. Rev. Stat. § 45-925 (Cum. Supp. 2008).

5. Under the Act's statutory framework, the Director has the legal and equitable authority to fashion significant remedies.

6. It is in the best interest of DIRECT CHECK, and it is in the best interest of the public, for DIRECT CHECK and the DEPARTMENT to resolve the issues included herein.

CONSENT AGREEMENT

The DEPARTMENT and DIRECT CHECK agree as follows:

Stipulations: In connection with this Consent Agreement, DIRECT CHECK and the Director stipulate to the following:

1. The DEPARTMENT has jurisdiction as to all matters herein.
2. This Consent Agreement shall resolve all matters raised by the DEPARTMENT's July 24, 2007 examination of DIRECT CHECK. Should future circumstances warrant, the facts from this matter may be considered in a future administrative action by the DEPARTMENT.
3. This Consent Agreement shall be in lieu of all other proceedings available to the DEPARTMENT, except as specifically referenced in this Consent Agreement.

DIRECT CHECK further represents as follows:

1. DIRECT CHECK is aware of its right to a hearing on these matters at which it may be represented by counsel, present evidence, and cross examine witnesses. The right to such a hearing, and any related appeal, is irrevocably waived.
2. DIRECT CHECK is acting free from any duress or coercion of any kind or nature.
3. This Consent Agreement is executed to avoid further proceedings and constitutes an admission of violations of the Act solely for the purpose of this Consent Agreement and for no other purpose.

IT IS, THEREFORE AGREED as follows:

1. Within ten (10) days after the effective date of this Consent Agreement, DIRECT CHECK shall pay a fine of five thousand dollars (\$5,000.00) for failing to maintain copies of customer checks from July 14, 2006 to January 2007 in violation of Neb. Rev. Stat. § 45-915.01(2) (Cum. Supp. 2008).

2. Within ten (10) days after the effective date of this Consent Agreement, DIRECT CHECK shall pay the DEPARTMENT's investigation costs in the amount of five hundred dollars (\$500.00).

3. The total amount of the fine, five thousand dollars (\$5,000.00), plus the total amount of investigation costs, five hundred dollars (\$500.00), shall be payable in one check or money order in the amount of five thousand five hundred dollars (\$5,500.00) to the DEPARTMENT.

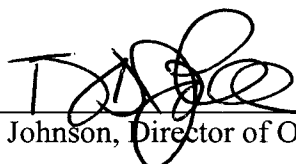
4. In the event DIRECT CHECK fails to comply with any of the provisions of this Consent Agreement, the DEPARTMENT may commence such action regarding DIRECT CHECK as it deems necessary and appropriate in the public interest.

5. If, at any time, the DEPARTMENT determines DIRECT CHECK has committed any other violations of the Act, the DEPARTMENT may take any action available to it under the Act.

6. The effective date of this Consent Agreement will be the date of the Director's signature.

DATED this 10th day of July, 2009.

DC Holdings, L.L.C.
d/b/a Direct Check

By: 
Thomas Johnson, Director of Operations

412 Verendrye Drive
Fort Pierre, SD 57532
(605) 223-2766

DATED this 13th day of July, 2009.

**STATE OF NEBRASKA
DEPARTMENT OF BANKING AND FINANCE**

By: 

John Munn, Director

Commerce Court, Suite 400
1230 "O" Street
Lincoln, Nebraska 68508
(402) 471-2171